WORKING UNDER FEDERAL EQUITY RULES

THE large number of equity causes commenced in the United States Courts since the new Federal Equity Rules became effective (February 1, 1913), in which these rules have been called to the attention of the courts for interpretation, particularly during the second year, enable more definite conclusions to be drawn as to their effectiveness in securing the results sought by their promulgation, and the practitioner to determine more or less definitely how to proceed under them.

The reported cases alone, all of which, so far as I have been able to ascertain, are referred to herein (to say nothing of those unreported), indicate the vast amount of work that has been done by the federal judges and the attorneys practicing before them in determining the meaning of various of these rules and the mode of applying them.

It is certain that the federal courts generally are doing their best to apply these rules in such a manner as to secure the most efficacious results for litigants and meet their needs under local conditions. There is, however, a divergence in the application of and procedure under certain of the rules in different districts. In some districts the court has prepared, and in others is now formulating, local rules [1] supplementary to the general Equity Rules necessary to be complied with in practice before the particular court making them.

During the first year under the new rules the courts were lenient in permitting cases, pending at the time these rules became effective, to be carried on under the practice then existing, and, for that reason, the second year's test of these rules is a better one than that of the first year.

The many clearly defined opinions of the courts in interpreting the meaning and scope of the rules show numerous differing, and, in some instances, irreconcilable decisions. This condition makes it essential for the attorney to familiarize himself with the interpretation of these rules by the different judges in each locality, as

[1] Under Federal Equity Rule 79.

well as to be acquainted with the local supplementary rules of the different District Courts, in order to safeguard his clients' interests.

The end of the first year under the Equity Rules showed quite a diminution in the number of pending causes in certain districts, as some of the courts insisted on these cases being put upon the trial calendar, and, if not ready for trial, dismissed them under Rule 57, which resulted in a final disposition of a large number of causes of old standing and where the issues had long been dead.

The end of the second year's period fails to show a corresponding decrease in the number of pending causes in most districts.

Where attorneys on both sides are disposed to try their cases promptly, it now often takes as long to have a case disposed of on final hearing, whether the evidence is taken in open court or otherwise, as under the old rules.

The inability in such cases to reach a more speedy determination of equity causes is due largely to the crowded condition of the trial calendars and the necessity of disposing of cases generally in their regular order rather than by special assignment when the case is ready for submission on final hearing, as was quite common under the old procedure. The practicability of the new Equity Rule [2] which has brought about the most radical departure from the old equity practice requiring that "in all trials in equity, the testimony of witnesses shall be taken orally in open court" and that "the courts shall pass upon the admissibility of all evidence offered as in actions at law" has not been satisfactorily demonstrated, for, in some instances, the trial of these equity causes in open court is requiring the constant attendance of a judge for many weeks of continuous, close and confining work.

Within the three months preceding June 1, 1915, in the Southern District of New York, where the practice of compelling the trial of equity causes in open court has been rigidly adhered to, one case consumed the entire time of one of the judges for a period of over six weeks, and, at that time, the end was not in sight. In another equity case being tried simultaneously, the entire time of

[2] Federal Equity Rule 46.

another judge in New York City was completely occupied for four weeks, after which, extensive briefs were permitted to be filed requiring the further consideration of the court. Likewise in New Jersey, during the past spring, a single equity case occupied more than eight weeks of the time of the court in hearing the evidence and arguments, aside from the time which must be and is now being consumed in reading briefs.

It is true that the taking of evidence in open court in equity causes is conducive to the elimination of some immaterial matters from the record, and the actual period of time during which the evidence is being taken is usually somewhat less than under the former procedure. The judges are working to their utmost capacity to speed the causes and render prompt decisions after the close of these open court trials, notwithstanding which it is impossible for them to dispose of as large a number of cases in a given period of time on final hearing as under the old practice, because so much time is consumed in attending while the evidence is being taken.

In the Southern District of New York there are probably more equity cases brought than in any other district in the United States. During the past year twenty District judges have been especially assigned from other circuits to assist in the disposition of causes pending in New York City.[3] In addition, two Circuit

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		DAYS
[3] Hon. Wm. I. Grubb	Alabama	89
Hon. John C. Rose	Maryland	18
Hon. John M. Killits	Ohio	38
Hon. Howard C. Hollister	Ohio	39
Hon. Edw. E. Cushman	Washington	37
Hon. A. B. Anderson	Indiana	26
Hon. Henry A. M. Smith	South Carolina	10
Hon. Gordon Russell	Texas	19
Hon. Wm. B. Sheppard	Florida	24
Hon. Walter Evans	Kentucky	17
Hon. Jeremiah Neterer	Washington	25
Hon. J. Otis Humphrey	Illinois	19
Hon. Rufus E. Foster	Louisiana	27
Hon. Wm. C. Van Fleet	California	18
Hon. F. H. Rudkin	Washington	44
Hon. A. L. Sanborn	Wisconsin	22
Hon. Wm. H. Pope	New Mexico	23
Hon. F. S. Dietrich	Idaho	20
Hon. C. W. Sessions	Michigan	20
Hon. Edw. S. Farrington	Nevada	15

judges formerly of the Commerce Court [4] and five District judges [5] from other districts within the Second Circuit have spent more or less time in the trial of cases in New York. The different members of the Court of Appeals of the Second Circuit have also rendered assistance where it has been possible for them to act, to dispose of preliminary motions and the like. Notwithstanding all this assistance and the extremely high pressure under which the judges are constantly and conscientiously working, and the high average number of days of holding court maintained by them,[6] it takes from

		Days
[4] Hon. Wm. H. Hunt		162
Hon. Julian W. Mack		155
		Days
[5] Hon. Van Vechten Veeder	Eastern District	16
Hon. James L. Martin	(late of Vermont)	93
Hon. John R. Hazel	Western District	48
Hon. Geo. W. Ray	Northern District	71
Hon. Edwin S. Thomas	Connecticut	47

[6] The record of the U. S. District Court, So. Dist. N. Y., for the year 1913, shows that one of the judges actually presided in court one hundred and eighty days, and other judges for nearly as many, including one day each week for naturalization hearings and bankruptcy motions, but exclusive of numerous days when the judges were in court to hear motions especially set down, either on Saturdays or days when they would otherwise be in chambers; nor does it show the several days' attendance of some of the judges in other districts in the Second Circuit. (Judge Holt in New Haven; Judge Mayer in Jamestown, Judge Hand in Vermont.) In addition to this, at least one judge has been present in chambers transacting *ex parte* business on practically every business day during the year and the other resident judges have been present in chambers, when not sitting in court, except when kept busy by illness or court business in other districts or during the vacation session.

The judges of the Circuit Court of Appeals also sat in the District Court a total of fifty days, which is in addition to the work done by them in the Circuit Court of Appeals. The total number of days of regular sessions of the District Court with judges present and presiding, held during the calendar year of 1913 at New York City, was nine hundred and thirty-three. These figures, of course, include the trial of all kinds of cases, but do not include the time spent by judges in writing opinions, hearing various matters in chambers, in conferences, and in arranging for the various hearings, which is necessarily largely done by the judges outside of the time occupied in court.

In 1914, certain of the judges in New York were actually present and presided at the regular sessions of the court held during that year, one hundred and seventy days, and, due to the large number of outside judges who sat in the Southern District of New York, by special assignment, the total number of days that the judges sat in the United States District Court during the year 1914 was ten hundred and eighty-seven, and, for the first four months of 1915, this total number was five hundred and eighty-four.

(Information obtained through the courtesy of Judge Learned Hand and Deputy Clerk William Tallman.)

seven months to a year before an equity cause can be reached for trial after being placed upon the trial calendar. This is particularly significant in view of the fact that the working conditions and efficiency of the clerk's office have been vastly improved in this district, owing to its having recently been thoroughly systematized, thus reducing to a minimum the detail work of the judges.

No one unfamiliar with the actual conditions existing in the United States courts can realize the tremendous load which the federal judges are carrying in their endeavor to give litigants and the public generally prompt action in the various matters brought before them, for, with the ever-increasing load which is being placed upon the federal judges by Congress, and the additional work imposed by the new Equity Rules of taking the evidence of witnesses in open court, little gain on the court calendars has been made in various of the districts. This is true in New York, despite the fact that so extensive an advantage has been taken of the amendment to Chap. I, Sec. 18 of the Judicial Code.[7] It would seem that resort must necessarily be had to the practice of either referring equity cases to an examiner or master, and have the causes submitted to the court on printed records, briefs and final argument, or that additional judges be appointed to secure a more speedy determination of these causes.

The clearing of the calendars in some of the districts is much more largely due to the energy, hard and prompt work of the judges themselves than to any change in the practice.

If either party insists, the courts generally will order the testimony of all of the witnesses within their jurisdiction to be taken in open court, although some of the federal judges in certain districts where there is a large amount of business (and there is no provision under the statutes for allowing judges from other circuits to be called in, as in the Second Circuit) have ordered that the evidence in some cases (such as patent cases involving intricate mechanical or electrical problems) be taken before a master or an examiner, particularly if agreed to by the parties, on the theory that such a cause is an exceptional one under the rules.[8] By adopting this procedure, the calendars of these courts have been somewhat relieved of congestion.

[7] Act of October 13, 1913.

[8] Federal Equity Rule 47.

Perhaps the most striking result accomplished by taking the testimony of witnesses orally in open court under the new rules has been to cut down materially or eliminate the testimony of so-called expert witnesses who have no particular qualifications to testify as such. While this has effected a small saving to litigants, it has increased the operating expenses of some of the courts and has otherwise affected the conditions of the court calendars generally to such an extent as to counteract materially the benefits gained.

The new rules have also served as an impetus, to the courts and attorneys alike, toward eliminating from the court calendars all except live and active cases. Various plans have been tried by the different judges for insuring the trial of cases when they are called on the calendar under the local rules, and these are in some instances securing beneficial results. For instance, in the Eastern District of Michigan, both the law and equity calendars were heavily overloaded, there being something in excess of two thousand cases on these calendars, and, as the same judge sat in both kinds of cases, it was with difficulty that a trial of an equity case could be had within any reasonable time. By the procedure there adopted, a bulletin is placed in the courtroom, on which appears each week a list of cases to be reached that week, and when they are reached on the schedule, made up largely under local rules (generally and colloquially known in Michigan as the "Eleven Commandments"), they are tried or stricken from the calendar. The court in this way secures the result of having cases to try, and being able to dispose of them, when the time fixed arrives. This means that the court moves the active cases along and disposes of them, instead of spending a large amount of time in going over old cases in which the issues are dead or dying. The court, by insisting that the causes be tried when reached, or else be stricken from the calendar, has reduced the number of pending cases so that in February of this year there were about one hundred and twenty-five cases pending on both calendars. This illustrates in a general way the situation in other districts.

In Chicago there is a call of the pending cases which have been on the calendar for more than a year, at certain dates announced in advance; the cases which are not ready for trial and in which

there is no showing made for a continuance are dropped from the calendar, to be reinstated only upon a proper showing, and because of the failure of such showing, in a large number of cases, they are permanently disposed of in this manner.

In view of the numerous decisions under these rules during the second year of their existence, and of the mode of applying them, I shall make mention, so far as possible, of any specific rulings effective in different circuits not common to all, and refer to each rule upon which there is a reported decision since they were enacted, and shall give as complete a list of all the decisions under each of the rules, both reported and unreported, as I have been able to obtain.

The rule [9] relative to the keeping of various books in the clerk's office is not strictly adhered to in the different districts, nor can counsel rely upon his receiving the notice required to be given of orders entered in his absence.[10] He must be upon constant inquiry to ascertain what orders are being entered in pending cases. In numerous districts the clerks, under the direction of the court, refuse to file *pro confesso* decrees except upon notice to the adverse party, notwithstanding the rules.[11]

Under the rule relating to the enforcement of final decrees [12] the question of validity of a particular decree was raised on the ground that it did not specifically provide for a writ of execution. The court, in liberally interpreting this rule, held the decree valid, and says that such recital is immaterial "because the general rules in equity provide that when the judgment is for the payment of money only it shall be enforced by writ of execution." [13]

The rule [14] relative to a decree for "deficiency in foreclosures, etc." has been considered in maintaining the jurisdiction of the court.[15]

The rule requiring an answer to be filed within twenty days after the subpoena is served, and for a default and decree *pro confesso*,

[9] Federal Equity Rule 3.
[10] Under Federal Equity Rule 4.
[11] Federal Equity Rules 5, 12, 16 and 17.
[12] Federal Equity Rule 8.
[13] Richards *v.* Harrison, 218 Fed. 134, 137 (1914).
[14] Federal Equity Rule 10.
[15] St. Louis, I. M. & S. Ry. Co. *v.* Bellamy, 211 Fed. 172, 180 (1914).

in the event the answer is not filed within this time and no extension is had from the court enlarging it,[16] has generally been liberally interpreted, and the defendant permitted to plead such defenses as are available to him, even though the answer is not filed within the time specified. These cases are unreported. In one case the defendant was held strictly to the time prescribed by the rule. As the Court of Appeals affirmed this ruling,[17] counsel for defendant must be exceedingly prompt in getting his answer on file, specifically setting up all of the defenses upon which he intends to rely. Failure to do this, or to secure an order in advance from the District Court, extending the time for answering, may be disastrous, as this is treated as within the discretion of the District Court.

The courts have incidentally referred to the rule[18] abolishing technical forms of pleading. Some courts are very liberal in their interpretation of the rule permitting amendments generally in the furtherance of justice, and at every stage of the proceeding are disregarding "any error or defect in the proceedings which does not affect the substantial rights of the parties." But others have been very strict and have refused to admit amendments, even upon terms. In some unreported patent causes, where a defendant has either been unable to secure, or failed to set up in his original answer, the anticipating devices upon which he must rely to substantiate his claims of non-infringement, or invalidity of a patent, courts have refused to permit such amendments setting up new defenses, while in others the courts have permitted such amendments, even on the day of trial. This demonstrates the necessity of using the utmost diligence and caution in getting all pertinent matter before the court at the outset, even though the rule under discussion itself indicates liberality and reported decisions are to the same effect.

The courts in the reported decisions[19] hold that "technical errors are to be disregarded," and have stated that this rule but

[16] Federal Equity Rule 12.

[17] Board of Levee Com'rs *v.* Tensas Delta Land Co., 204 Fed. 736 (1913).

[18] Federal Equity Rule 18; Acme Steel Goods Co. *v.* American Metal Fasteners Co., 206 Fed. 478 (1913); Sheeler *v.* Alexander, 211 Fed. 544 (1913).

[19] Marconi Wireless Telegraph Co. *v.* National Electric Signaling Co., 206 Fed. 295 (1913); Gaumont *v.* Hatch, 208 Fed. 378 (1913); Sheeler *v.* Alexander, 211 Fed. 544 (1913); Williams *v.* Pope, 215 Fed. 1000 (1914).

"expresses the conclusion to which courts of equity had arrived before the adoption of the rule." [20]

Further and particular statements in pleadings may be required under the rules,[21] but exceptions to bills, answers and other proceedings for scandal or impertinence no longer obtain. While this matter may be stricken by the court upon such terms as it sees fit, under the rules, the courts are reluctant to strike such matters; but when stricken under an order of the trial court, this cannot be corrected by *mandamus* or *certiorari* when an appeal lies on the whole controversy.[22]

The transfer of an action at law, erroneously begun as a suit in equity, is now readily accomplished, and the rules applicable [23] have saved time and expense to litigants, without counterbalancing difficulties.

By the Act of March 3, 1915, there was added after Section 274 of the Judicial Code three new sections, No. 274A, 274B and 274C, dealing particularly with the question of procedure in case a suit at law should have been brought in equity, or a suit in equity should have been brought at law. (Federal Statutes, Annotated, April, 1915, Pamphlet Supplement No. 2, p. 35.)

Judge Dickinson, of the Eastern District of Pennsylvania, well states the general tendency of the courts in this regard, while considering a motion to dismiss a certain cause for want of equity on the ground that the plaintiff had an adequate remedy at law, when he said,

"Rule 22 expressly provides what shall be done at 'any time it appears' that the suit should have been brought at law. More than this, Rule 23 commands us not to dismiss a bill on this ground. The case may be proceeded with, and when it appears, if it does develop, that this case should be tried at law and the amount of damages assessed by the verdict of a jury, this may be done." [24]

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[20] Medical Society of So. Car. *v.* Gilbreth, 208 Fed. 899, 926 (1913).

[21] Federal Equity Rule 20. Williams *v.* Pope, 215 Fed. 1000 (1914); Maxwell Steel Vault Co. *v.* National Casket Co., 205 Fed. 515 (1913).

[22] Federal Equity Rule 21; Williams *v.* Pope, 215 Fed. 1000 (1914); Lovell-McConnell Mfg. Co. *v.* Bindrim, 219 Fed. 533 (1914).

[23] Federal Equity Rules 22 and 23.

For exception see Goshen Mfg. Co. *v.* Myers Mfg. Co., 215 Fed. 594 (1914), now pending on writ of *certiorari* in the United States Supreme Court; Linden Inv. Co. *v.* Honstain Bros. Co., 221 Fed. 178 (1915).

[24] Goldschmidt Thermit Co. *v.* Primos Chemical Co., 216 Fed. 382, 383 (1914).

See also: Cubbins *v.* Miss. River Commission, 204 Fed. 299 (1913); Heckscher *v.*

The same variance between the judges as to what is required in the form of a bill of complaint still continues to exist, although the majority of judges sanction the short form of the bill, first approved by Judge Tuttle.[25] In a comparatively recent case,[26] Judge Chatfield, of the Eastern District of New York, in considering a bill alleging infringement of a patent and the allegations necessary in such a bill, holds the bill sufficiently specific under the new Equity Rule [27] which requires "a short and simple statement of the ultimate facts." The allegations in the bill before him were substantially that "B, being the inventor, being entitled to a patent, duly filed an application; that on the.....day of..... .....all of the requirements of the statutes of the United States then in force, having been duly complied with, letters patent were duly issued." A motion to dismiss was made.[28] The Court considered the motion substantially as a demurrer, and held that the mere allegation that "Defendant infringed by making and offering for sale a patented article" is an insufficient one as to infringement and sustained the motion on that ground.

The former uncertainty as to whether it is necessary to state in a bill of complaint the grounds upon which the court's jurisdiction depends, and the ultimate facts upon which the plaintiff asks relief without stating evidence, is still causing considerable discussion, due to differences of opinion among the courts as to the meaning of the rule [29] relative thereto, though the weight of authority seems to approve and speak with commendation of a concise statement of jurisdictional and fact averments, and follow the rule as laid down in the *Carbureter Co.* case,[30] in which this subject was

Penn. Steel Co., 205 Fed. 377, 379 (1913); Cartwright *v.* Southern Pac. Co., 206 Fed. 234 (1913); Sturges *v.* Portis Mining Co., 206 Fed. 534, 539 (1913); United States *v.* Utah Power & Light Co., 208 Fed. 821 (1913); American Car, etc. Co. *v.* Merchants Despatch Transp. Co., 216 Fed. 904, 911 (1914) (Interpreting Rule 23); Curriden *v.* Middleton, 232 U. S. 633 (1914); Vosburg Co. *v.* Watts, 221 Fed. 402 (1915).

[25] Zenith Carbureter Co. *v.* Stromberg Motor D. Co., 205 Fed. 158 (1913); 27 HARV. L. REV., 634–35.

[26] General Bakelite Co. *v.* Nikolas, 207 Fed. 111 (1913).

[27] Federal Equity Rule 25.

[28] Federal Equity Rule 29. See also, Tyler Co. *v.* Ludlow-Saylor Wire Co., 212 Fed. 156 (1914).

[29] Federal Equity Rule 25.

[30] Zenith Carbureter Co. *v.* Stromberg Motor D. Co., 205 Fed. 158 (1913).

fully discussed. This is not a safe criterion, for, in certain equity causes (patent and trade mark causes), it has been held that it is necessary to plead the language of the statute under which the grant or registration was made. Before preparing a bill in any specific suit, the pleader should consider the various cases here cited,[31] and ascertain the rules adopted in the particular district where the suit is to be brought.

It seems absurd that it should be necessary to plead the statutes, particularly in patent cases where the entire cause of action rests upon a government grant.

Judge Orr, of the Western District of Pennsylvania, has painstakingly considered and reviewed the requirements of Bills of Complaint and points out that brevity and simplicity of allegation are within the purpose of the Rules 25 and 30, which should be of great help to the profession, in *Pittsburgh Water Heater Co.* v. *Beler Water Heater Co.*[32]

A very slight amendment to Rule 25 would materially shorten the pleadings and lessen the uncertainty in this character of cases. It would eliminate delays incident to subjecting the more concise form of bill to a motion to dismiss [33] or for a further and particular statement.[34]

Under the present rules, if it is desired to speed the cause, it is much safer to follow the longer form, notwithstanding an inherent desire of many attorneys to avoid prolixity.

It has been specifically held that the rule [35] which, on its face, appears to give the plaintiff the right to join as many causes of action cognizable in equity as he may have against the defendant,

"cannot be used as the means to bring into the equitable jurisdiction of this court (the District Court) a cause of action between the parties over which the court could not have jurisdiction unless diverse citizen-

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[31] Sawyer *v.* Gray, 205 Fed. 160 (1913); Maxwell Steel Vault Co. *v.* National Casket Co., 205 Fed. 515 (1913); Wilson *v.* American Ice Co., 206 Fed. 736 (1913); Acme Steel Goods Co. *v.* American Metal Fasteners Co., 206 Fed. 478 (1913); General Bakelite Co. *v.* Nikolas, 207 Fed. 111 (1913); Alexander *v.* Fidelity Trust Co., 215 Fed. 791 (1914); Williamson *v.* Pope, 215 Fed. 1000 (1914); State of Maine L. Co. v. Kingfield Co., 218 Fed. 902 (1914); Destructor Co. *v.* City of Atlanta, 219 Fed. 996 (1914).

[32] 222 Fed. 950 (1915).

[33] Federal Equity Rule 29.

[34] Federal Equity Rule 20.

[35] Federal Equity Rule 26.

ship of the parties gave the United States courts general jurisdiction over the case," [36]

and that matters ordinarily cognizable at law cannot be joined with a cause of action in equity "for the purpose of bringing the amount involved within the jurisdiction of the United States District Court," [37] and this rule has been interpreted by some courts in connection with Rule 30 to give the defendant the same right in joining causes of action by way of counterclaim, as the plaintiff has joined in its bill of complaint under this rule.[38]

The purpose of the rule [39] relating to stockholders' bills under the authorities seems

"to exclude cases brought by a stockholder collusively, in order to give an apparent jurisdiction to a court which would not have it if the suit were by the corporation," [40]

and to afford the stockholder relief without the necessity of taking the matter up with the managing director or trustees, where the facts warrant the assumption that such a request would be futile.[41]

The courts are generally liberal in permitting amendments to the bill, and such amendments, even after the defendant has filed its pleadings, have been permitted in a number of unreported cases, although it is unsafe to be careless about preparing the original bill on the assumption that such amendments will be permitted.

Although demurrers and pleas were abolished by the new rules, the large number of cases in which the substitute motions to dismiss have been used indicates a change in name and form rather than substance.

The rule [42] providing for the motion to dismiss, which motion is heard in advance of the trial, has brought about a somewhat more speedy determination of the preliminary issues than under the old procedure, and, to that extent, has been advantageous.

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[36] Vose *v.* Roebuck Weather S. & W. S. Co., 210 Fed. 687, 688 (1914).

[37] Bucyrus Co. *v.* McArthur, 219 Fed. 266, 267 (1914).

[38] Marconi Wireless Telegraph Co. *v.* National Electric Signaling Co., 206 Fed. 295 (1913); Electric Boat Co. *v.* Lake Torpedo Boat Co., 215 Fed. 377 (1914).

[39] Federal Equity Rule 27; Hyams *v.* Calumet & Hecla Mining Co., 221 Fed. 529 (1915).

[40] Kelly *v.* Dolan, 218 Fed. 966, 970 (1914).

[41] Wathen *v.* Jackson Oil Co., 235 U. S. 635 (1915); Dana *v.* Morgan, 219 Fed. 313 (1914).

[42] Federal Equity Rule 29.

The courts very properly refuse to give consideration to demurrers under this rule, as is well illustrated by the opinion of Judge Sanford, where he says, relative to a demurrer to a petition in bankruptcy:

"The demurrer to the petition in bankruptcy must be stricken out without consideration of its merits. Proceedings in bankruptcy generally are in the manner of proceedings in equity." [43]

Likewise, the courts approve the raising of defenses which could formerly have been raised by demurrer by the motion to dismiss, for it has been held that

"The defendant is, therefore, justified and correct in his practice in applying to the court, by means of the present motion, with respect to the determination of what facts must be shown in the complaint to constitute a valid cause of action." [44]

The large number of reported decisions,[45] as well as the longer list of unreported ones, indicates the extent of the use of this motion, and the result secured by it, in some instances finally determining the cause of action without the necessity of answer or proof under it.

In a recent patent case, Judge Orr, of the Western District of Pennsylvania, entertained at the beginning of the trial a motion to dismiss the bill of complaint for want of patentable novelty and invention appearing on the face of the pleadings and the patent. The five days' notice required by Rule 29 having been waived by plaintiff, the motion was treated as a demurrer under the old practice and after hearing arguments of counsel, the Court sustained the

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[43] *In re* Jones, 209 Fed. 717, 718 (1913).

[44] General Bakelite Co. *v.* Nikolas, 207 Fed. 111, 112 (1913); New Fiction Pub. Co. *v.* Star Co., 220 Fed. 994 (1915).

[45] Hyams *v.* Old Dominion Co., 204 Fed. 681 (1913); Sawyer *v.* Gray, 205 Fed. 160 (1913); Maxwell Steel Vault Co. *v.* National Casket Co., 205 Fed. 515 (1913); Wilson *v.* American Ice Co., 206 Fed. 736 (1913); General Bakelite Co. *v.* Nikolas, 207 Fed. 111 (1913); Puget Sound Elec. Ry. Co. *v.* Lee, 207 Fed. 860 (1913); Adler Goldman Com. Co. *v.* Williams, 211 Fed. 530 (1914); Bogert *v.* Southern Pac. Co., 211 Fed. 776 (1914); Tyler Co. *v.* Ludlow-Saylor Wire Co., 212 Fed. 156 (1914); Alexander *v.* Fidelity Trust Co., 214 Fed. 495 (1914), 215 Fed. 791 (1914); So. Western Surety Ins. Co. *v.* Wells, 217 Fed. 294 (1914); Destructor Co. *v.* City of Atlanta, 219 Fed. 996 (1914); Boyd *v.* N. Y. & H. R. Co., 220 Fed. 174 (1915); Ralston Steel Car Co. *v.* National Dump Car Co., 222 Fed. 590 (1915).

motion, found the patent invalid and dismissed the bill. (Decision unreported.) In some districts a motion to dismiss has been made at the close of plaintiff's proofs and a ruling had on the motion without prejudice to defendant's rights to submit proofs after the ruling upon the motion had been unfavorable to defendant.

The line of distinction among the cases relating to the rules governing what may be included in the answer,[46] so marked at the end of the first year's operation of the Federal Equity Rules,[47] has not only been maintained in the numerous decisions under these rules during the second year of their operation, but has become even more pronounced, and it is rather significant that judges in the same circuit, and even in the same district, are interpreting the rule differently. One line of decisions interprets the rule liberally [48] and allows the defendant to plead in its answer affirmative matters entirely independent of and not in any way arising out of the cause of action set up in the bill. The other line of decisions interprets the rule strictly [49] and holds that any affirmative relief asked for in the answer must be germane to, or arise out of, the original proceeding. These latter courts, instead of being in the majority as they were a year ago, now appear to be in the minority.

One of the reasons (in addition to the ambiguity of the rule

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[46] Federal Equity Rules 30 and 31.

[47] 27 HARV. L. REV., 636–9.

[48] Vacuum Cleaner Co. *v.* American Rotary Valve Co., Judge Lacombe (N. Y.), 208 Fed. 419 (1913); Salt's Textile Mfg. Co. *v.* Tingue Mfg. Co., Judge Martin (Conn.), 208 Fed. 156 (1913); Motion Picture Pat. Co. *v.* Eclair Film Co., Judge Rellstab (N. J.), 208 Fed. 416 (1913); McGill *v.* Sorensen, Judge Chatfield (N. Y.), 209 Fed. 876 (1913); Miss. Valley Trust Co. *v.* Washington Northern R. Co., 212 Fed. 776 (1914); Electric Boat Co. *v.* Lake Torpedo Boat Co., Judge Rellstab (N. J.), 215 Fed. 377 (1914); U. S. Expansion Bolt Co. *v.* Kroncke Hdw. Co., Judge Sanborn (Wis.), 216 Fed. 186 (1914); Buffalo Specialty Co. *v.* Vancleef, Judge Sanborn (Ill.), 217 Fed. 91 (1914); Hurley Mach. Co. *v.* Broka Mfg. Co., Judge Landis (Ill.) (Unreported); Portland Wood Pipe Co. *v.* Slick Bros. Const. Co., Judge Dietrich (Idaho), 222 Fed. 528 (1915).

[49] Terry Steam Turbine Co. *v.* B. F. Sturtevant Co., Judge Dodge (Mass.), 204 Fed. 103 (1913); Williams Patent Crusher, etc. Co. *v.* Kinsey Mfg. Co., Judge Hazel, 205 Fed. 375 (1913); Adamson *v.* Shaler, Judge Geiger (Wis.), 208 Fed. 566 (1913); Atlas Underwear Co. *v.* Cooper Underwear Co., Judge Geiger (Wis.), 210 Fed. 347 (1913); General Bakelite Co. *v.* Nikolas , 207 Fed. 111 (1913); Klauder-Weldon D. M. Co. *v.* Giles, Judge Dodge (Mass.), 212 Fed. 452 (1914); Sydney *v.* Mugford Printing, etc. Co., Judge Thomas (Conn.), 214 Fed. 841 (1914); Kawneer Mfg. Co. *v.* Hester Mfg. Co., Judge Carpenter (Ill.) (Unreported); United States *v.* Woods, 223 Fed. 316 (1915).

itself) why this rule has been so much in controversy is due to the fact that the defendant in patent, trade mark or unfair competition suits attempts to sue the complainant in its answer in the same cause of action under a patent which it owns, or, on a complaint of unfair competition, as a counter-irritant for the cause of action brought by the complainant, and in some instances where it has no real defense to the validity of the plaintiff's patent or to the question of infringement.

Some courts, under a motion to make the answer more definite and certain, have required the defendant to state very specifically the exact defenses set up in the answer that he intends to rely upon at the trial, and in one case, Judge Clarke of the Northern District of Ohio, Eastern Division, in entertaining such a motion, compelled the defendant in a patent cause to specify in what respect each of the patents pleaded by him disclosed any of the elements or combination of elements described in plaintiff's patents, and in what respect they negatived the novelty and invention of the device therein shown and described.[50]

The motion to strike out is permitted as a means for testing the sufficiency of affirmative defenses in the answer; it has been used in some unreported cases in lieu of exceptions abolished by the rules.[51] Supplemental pleadings have been permitted [52] which allege material facts occurring after the original pleading, or facts of which the party was not cognizant at the time the original pleading was filed (such as judgments or decrees of a competent court rendered after the commencement of the suit), particularly where the supplemental matter related to the matters at issue.[53]

Where an amendment to a bill has been made, answers must be filed to this within ten days, except under extraordinary conditions.[54]

The rule [55] permitting parties generally to intervene has not thus far been extensively considered, and it is too early to say what the

[50] Coulston *v.* H. Franke Steel R. Co., Inc., 221 Fed. 669 (1915).

[51] Federal Equity Rule 33.

[52] Federal Equity Rule 34; Terry Steam Turbine Co. *v.* B. F. Sturtevant Co., 204 Fed. 103 (1913); Marconi Wireless Telegraph Co. *v.* National Electric Signaling Co., 206 Fed. 295 (1913); Sheeler *v.* Alexander, 211 Fed. 544 (1913).

[53] Kryptok Co. *v.* Haussmann & Co., 216 Fed. 267 (1914).

[54] Federal Equity Rule 32.

[55] Federal Equity Rule 37.

effect of this rule is to be. The reported decisions [56] indicate a rather strict construction of this rule, although it is to be noted that the reasoning applied to it is somewhat analogous to that of Rule 30, and the decision which most fully discusses this rule is one by a court giving the restricted construction to Rule 30.

One or more representatives of a class may sue or defend for the whole where it is impracticable to bring them all before the court,[57] but the allegations must be sufficient in order to enable one party to do this.[58] The court may also finally determine a cause in the absence of persons who will be proper parties,[59] but the decrees entered shall be without prejudice to those absent, although this does not permit the court to proceed in a case where the indispensable parties are not before it.[60]

The Courts of Appeal, in cases where the testimony of witnesses has been taken before the trial court,[61] are apparently giving greater weight to the findings of that court than where the evidence was taken by depositions. As was said by Judge Sheppard, speaking for the Court of Appeals of the Fifth Circuit:

"We recognize the rule that the findings of fact . . . by the District Court are entitled to great weight by the Appellate Court. The reason for the rule is based upon the trial court's opportunity for judging the credibility of witnesses; the reason for the rule ceases, however, when the trial court's finding is based . . . on depositions." [62]

There are but few reported decisions relative to the rules requiring testimony to be taken orally in open court,[63] that of allowing depositions to be taken in exceptional cases,[64] and permitting affidavits of expert witnesses to be filed in patent and trade mark cases.[65] Although the practice of filing affidavits is being more or

[56] Atlas Underwear Co. *v.* Cooper Underwear Co., 210 Fed. 347 (1913); Gaumont *v.* Hatch, 208 Fed. 378 (1913).

[57] Federal Equity Rule 38.

[58] Raich *v.* Truax, 219 Fed. 273 (1915).

[59] Federal Equity Rule 39.

[60] Hyams *v.* Old Dominion Co., 204 Fed. 681 (1913).

[61] Under Federal Equity Rule 46.

[62] Hamburg-Amer. Packetfahrt A. G. *v.* Gye, 207 Fed. 247, 253 (1913).

[63] Federal Equity Rule 46.

[64] Federal Equity Rule 47; P. M. Co. *v.* Ajax Rail Anchor Co., 216 Fed. 634, 636 (1914); Victor Talking Machine *v.* Sonora Phonograph Corp., 221 Fed. 676 (1915).

[65] Federal Equity Rule 48; North *v.* Herrick, 203 Fed. 591 (1913); Acme Steel Goods Co. *v.* American Metal Fasteners Co., 206 Fed. 478 (1913).

less extensively followed by some attorneys, it is not by any means universally used. The courts usually permit such affidavits to be filed upon the petition of the parties desiring to use them.

In some instances, attorneys have attempted by petition to compel their opponents to file expert affidavits in advance of the trial. The courts, however, so far as I have been able to ascertain, have not granted any such petition by an adverse party where the right to take the testimony of experts in open court was insisted upon. This, perhaps, is due to the fact that some courts are refusing to permit experts to testify unless they have the proper qualifications, and, in some instances, have stricken out affidavits and testimony of experts on the ground that they were not properly qualified and because they express opinions clearly within the province of the court. Judge Mayer tersely says of such expert witnesses:

"In the Southern District (of New York) we never allow an expert, since the new rules, to express his opinion as to the patentability, or construe claims for us. What we want him to do is to give us the mechanical construction, explain the technique of the alleged patented article or alleged infringement, etc., but never let them construe claims for us, nor do we let them express opinions as to invention or non-invention. We think that that is our duty."

Under the rule permitting the court to deal with the costs of incompetent, immaterial or irrelevant depositions,[66] some orders have been made taxing the expense of plaintiff, incurred in attending on the taking of an immaterial and irrelevant deposition of the defendant's witness.[67]

The plaintiffs are sometimes proving substantially all of their *primâ facie* case by depositions of witnesses residing more than one hundred miles from the place of trial, under notice given to the adverse party, and these depositions are used as the opening evidence at the trial before the court. This saves considerable of the court's time. In such instances, this evidence is taken before a commissioner, examiner, master or notary, under the statutes, as provided in the rules.[68]

A radical change is accomplished by the rules relating to cases

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[66] Federal Equity Rule 51.

[67] Stillwell *v.* McPherson, Judge Ray (Unreported) (1914).

[68] Federal Equity Rule 54 (*supra*).

going on the trial calendar after the time for taking depositions has expired.[69] In the Southern District of New York, as an illustration, the clerk places an equity case upon the trial calendar twenty days after the filing of the answer, unless within that time an order is made permitting the taking of depositions under Rule 47, or affidavits under Rule 48, or notice be given to the clerk of the taking of depositions under the Revised Statutes. If such order is entered or notice given, the cause is not placed upon the calendar until the expiration of the time limited by Rule 56, provided both parties give this notice to the clerk, unless otherwise ordered, but in some unreported cases it has been held that the case will be put upon the calendar at the end of the time consumed by the plaintiff in taking depositions, if no such notice has been given by the defendant, and thus deprived the defendant of taking any evidence by deposition. This, however, is not the universal practice.

In a recent case,[70] Judge Chatfield considered a motion by plaintiff to take depositions, which he granted upon the showing made, saying:

"The application denied . . . has been renewed upon additional papers, which are intended to comply with Equity Rule 56."

The Court did say, however, that while the papers before him did not set forth in detail entirely satisfactory reasons showing inability to produce upon the trial the witnesses named, etc., and that the rule had not been fully met, still it had been substantially complied with, and, as the other parties would not be hurt, he would permit the testimony to be taken by depositions.

The second year has seen substantial strides in the use of interrogatories under the new rules, although there is little uniformity in the decisions as to the practice of directing defendant to answer interrogatories. In patent cases the use of interrogatories is becoming particularly common. Frequent use is being made of them to get information from the defendant on the question of the matters of the alleged infringing article. Some of the decisions hold that when plaintiff has reasonable grounds of suspicion that defendant's machine or process is an infringement, plaintiff is entitled to have the interrogatories answered. Other cases hold that

[69] Federal Equity Rule 56.

[70] United Lace & Braid Mfg. Co. *v.* Barthels Mfg. Co., 217 Fed. 175, 176 (1914).

the mere suspicion of infringement is not sufficient and that plaintiff must present reasonable grounds of certainty for infringement before defendants will be directed to answer interrogatories which involve a disclosure of defendant's process or apparatus.

In the Northern District of Illinois the Court had before it a motion to strike out portions of the answer, and in holding that under the rules [71] interrogatories may be filed by either party requiring the other to state material matters relating to the nature of the case and the facts supporting it, but not mere evidence, said:

"This Rule 58 was in substance taken from Order 31 of the English Equity Rules of Practice, which has been in force for a considerable time, and has been construed and applied in very many English cases. It is well settled by these decisions that the disclosure of evidence is not required. The nature of the case and the facts supporting it may be required to be stated. Mere evidence or facts tending to prove the nature of the case or the facts upon which it is based are quite generally held not proper to be inquired into. . . . The second, third, and fourth interrogatories inquire as to the opinion of the complainant as to the construction of the patent. This is a matter to be supplied by expert testimony in support of the contention of infringement, or the validity of the patent, or both. It is a matter purely evidentiary and one which within the English rule, and the proper construction of Rule 58 cannot be inquired into. The same considerations apply to interrogatories 5, 6, and 7, inquiring whether complainant has manufactured devices under its patent, whether it has any interest in other patents, and whether it considers defendant's device to infringe any such other patents. . . . The 8th and 9th interrogatories, inquiring whether complainant contemplates bringing other patent suits, and whether it had knowledge of one of the letters pleaded in the answer, should be treated in the same way. All of the interrogatories should be struck out except the first." [72]

This decision has gone quite as extensively into what may be considered as proper interrogatories, particularly in patent causes, as any one that has been reported.

Interrogatories are being used for numerous purposes, and the answers to them have been used as a basis for a successful motion to dismiss.[73]

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[71] Federal Equity Rule 58; Luten *v.* Camp, 221 Fed. 424 (1915); Blast Furnace Appliances Co. *v.* Worth Bros. Co., 221 Fed. 430 (1915).

[72] P. M. Co. *v.* Ajax Rail Anchor Co., 216 Fed. 634, 636 (1914).

[73] Bronk *v.* C. H. Scott Co., 211 Fed. 338 (1914); 27 HARV. L. REV., 636.

The rule relating to exceptions to masters' reports [74] has recently been held [75] to apply to bankruptcy causes.

The rules relating to the reference to proceedings, powers and reports of the master under the rules [76] were substantially the same under the former practice and but few recent decisions are reported relative thereto.[77]

In considering the rule relating to petitions for rehearing,[78] Judge Day probably discusses more rules than are considered in any other case, and, in doing so, says:

"It would seem to be the spirit of these new equity rules that they were drawn by the Supreme Court with the intent of leaving the judge free to adjust the matters in the interests of substantial justice, as he sees fit, unhampered by precedent and by technical definitions and distinctions."

This statement fairly expresses the purpose of the rules, although the results secured by them in some instances are hardly fulfilling that purpose.

Temporary restraining orders have been granted in some instances under the rules [79] without notice, where it clearly appeared that immediate or irreparable loss or damages would result to the applicant before the matter could be heard on notice,[80] and in some instances temporary restraining orders have been granted pending a motion for preliminary injunction for infringement of a patent where the delay of a hearing of a motion was at the defendant's request.

The preparation of records on appeal is causing considerable inconvenience to the clerks of both the District and Appellate Courts as well as to attorneys and judges, owing to the uncertainty as to what shall be incorporated into the transcript upon appeal. In some districts the rules require that the record below

[74] Federal Equity Rule 66.

[75] *In re* Pierce, 210 Fed. 389 (1914).

[76] Federal Equity Rules 59 to 68 incl.

[77] Under Rule 62, *In re* Automatic Musical Co., 204 Fed. 334 (1913); Under Rule 63, *In re* Beckwith, 203 Fed. 45 (1913); *In re* Beckwith *v.* Malleable Iron Range Co., 207 Fed. 848 (1913); Under Rule 66, *In re* Pierce, 210 Fed. 389 (1914); International Harvester Co. *v.* Carlson, 217 Fed. 736 (1914); Under Rule 59, Goldsmith Silver Co. *v.* Savage, 211 Fed. 751 (1914).

[78] Sheeler *v.* Alexander, 211 Fed. 544, 545, Rule 69 (1913).

[79] Federal Equity Rule 73.

[80] Triumph Electric Co. *v.* Thullen, 209 Fed. 938 (1913), 212 Fed. 143 (1914).

be printed, and in cases where the evidence has been taken by deposition this is quite generally the practice; when the record has thus been printed, the entire labor of preparing the record for the Court of Appeals has to be done over, and additional expense incurred, if the rules are strictly complied with. The Courts of Appeal appreciate this, and generally have permitted such records as have been printed below to be used in the Court of Appeals without being abstracted and reprinted, and, in fact, some of the Courts of Appeal indicate very plainly that they prefer to have a complete record before them with the testimony of witnesses in form of questions and answers rather than in the narrative form. In some instances, however, the courts indicate that these rules [81] should be strictly complied with,[82] although the costs for the infraction of the rules have been imposed only in rare instances upon the defending solicitors or the parties, and in extreme cases.

The Supreme Court, by the promulgation of the new rules, and its own decisions, has indirectly brought about a very radical saving in the expense of perfecting appeals and getting equity causes before the Appellate Court. Since February 1, 1913, the Supreme Court has rendered decisions [83] which practically eliminate all of the burdensome expense of appeal where the records are printed below and where these are either agreed upon by the parties or approved by the courts; these decisions make it unnecessary for the clerk of the lower court to make any comparison of the record, or prepare an index, where this has been previously printed.

The new rules have given great impetus to the disposition of the courts to curtail expenses to litigants in every possible way and to secure a speedy disposition of cases which have come before them, and attorneys are generally now co-operating with them in securing these results, but it is evident that they must not be too strictly adhered to, if equity causes are to be promptly disposed of in the most economical way for litigants.

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[81] Federal Equity Rules 75, 76, 77.

[82] Coxe *v.* Peck, 208 Fed. 409 (1913); Wong Keow *v.* United States, 215 Fed. 95 (1914); *In re* Equity Rule 75, 222 Fed. 884 (1914); Pittsburg C. C. & St. L. Ry. Co. *v.* Glinn, 208 Fed. 989 (1913).

[83] Rainey *v.* Grace & Co., 231 U. S. 703 (1914); Lovell-McConnell Mfg. Co. *v.* Automobile Supply Mfg. Co., 235 U. S. 383 (1914).